



Ninety-Ninth Legislature - First Session - 2005
Committee Statement
LB 14

Hearing Date: January 25, 2005

Committee On: Urban Affairs

Introducer(s): (Landis, Friend)

Title: Change provisions relating to the State Natural Gas Regulation Act and the Public Service Commission

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

7	Yes	Friend, Connealy, Combs, Cornett, Janssen, Landis, and Schimek
	No	
	Present, not voting	
	Absent	

Proponents:

Senator David Landis, Introducer
Jerry Vap
Chris Dibbern

Representing:

NE PSC
NE Municipal Power Pool

Opponents:

None

Representing:

Neutral:

None

Representing:

Summary of purpose and/or changes: This legislation involves the State Natural Gas Regulation Act, proposing to change provisions regarding the operations of the Public Service Commission under the provisions of that Act.

During the 2004 interim period, the Urban Affairs Committee conducted a study pursuant to LR 376 to review the experience of the first year's operation of natural gas regulation under the provisions of the State Natural Gas Regulation Act (the SNGRA). At the public hearing on the study conducted in December, 2004, the Public Service Commission provided testimony regarding its experience and made several recommendations for changes it deemed necessary to enable it to better fulfill its statutory role.

The provisions of this bill encompass the two substantive, major changes requested.

Both of the sections being amended deal with the manner in which the regulatory activities of the Public Service Commission regarding natural gas are financed. The general scheme of the SNGRA is that the cost of regulatory activity is borne in the first instance by the utility, which passes that cost along to its ratepayers (so that those who benefit from regulation ultimately pay for it and not state taxpayers in general). If regulatory activity is aimed at one particular utility (by reason of a particular complaint or investigation regarding that utility, or an applicable or rate filing made by it), the PSC is authorized to ascertain the particular costs and expenses related to the activities regarding that utility and assess those costs against that utility. To cover the general costs of natural gas regulation generally attributable to the PSC's being "open for business" regarding such regulation, the PSC makes a determination each quarter as to the total amount of expenditures during the prior quarter attributable to that activity. After making statutory adjustments (including subtracting costs attributable to regulatory activity involving a single utility), the balance is assessed to all regulated ("jurisdictional") natural gas utilities on a proportional basis (based upon the number of meters served by each utility as a share of all meters served by jurisdictional utilities).

First, it amends Sec. 66-1840 (dealing with the special fee assessment for costs incurred regarding activities involving a single jurisdictional) to raise the cap for such assessments. Under current law, the PSC cannot (in a single fiscal year) assess a fee which exceeds six-tenths of one percent of the utility's gross operating jurisdictional revenue (less gas costs derived from intrastate natural gas utility business). Under this bill that cap would be raised to one percent.

Additionally, in that same section, a reference to "natural gas public utility" is corrected to read "jurisdictional utility" the more correct form and the one used in every other instance in the statute.

Finally, it amends Sec. 66-1841 which deals with the general, quarterly fee assessments to cover "overhead" costs for all general expenses incurred by the PSC regarding natural gas regulation. Under the current statute, the PSC has fifteen days from the end of each quarter to determine the total amount it must assess. This has proven to be too short a period for the determination to be made. The proposed change would give the commission thirty days from the end of each quarter to make the determination.

Explanation of amendments, if any: The Committee Amendments would add the emergency clause to permit the legislation to take effect prior to the start of the next fiscal year (July 1) so that the revised fee collection authority granted by the bill could be exercised in the new budget year in conformity with any change in its spending authority under the appropriations legislation governing the PSC.

Senator Mike Friend, Chairperson